

U.S. SENATE APPROPRIATIONS SUBCOMMITTEE ON LABOR, HEALTH AND
HUMAN SERVICES, AND EDUCATION

FEBRUARY 18, 2004

TESTIMONY OF GOVERNOR LINDA LINGLE

Good morning Senator Inouye, Congressman Abercrombie, and honorable members of the committee. I am very pleased to be here to participate in this hearing for the U.S. Senate Appropriations Subcommittee on Labor, Health and Human Services, and Education.

After enduring years of economic stagnation, the State of Hawaii is on the horizon of an exciting period of growth, development, and prosperity. The impending boom in the construction and housing industry, brought about as the result of the multi-billion dollar contract with the military, has catapulted government businesses, unions, educators, and the community to forge greater partnerships and collaboration on the development and execution of solid, strategic plans to meet the demands this wave of opportunity brings for all citizens in Hawaii.

The situation has compelled each sector to re-examine traditional methods of finding and training skilled workers and nurturing a workforce through job training and continued and remedial education to develop skills that will help individuals obtain gainful employment. It has surfaced issues and problems that we have been trying to deal with for many years and is now forcing all of us to think creatively and work together to build a solid platform, not only to ensure today or tomorrow's success, but also the long-term future of Hawaii.

There is no one group or entity that can do this alone. We need to work in partnership in this great, new beginning for Hawaii's economic success.

There is a great sense of urgency within the community to move, act, and take whatever steps are necessary to seize this opportunity. We can do this, but it will take the effort and commitment of each one of us to build a strong labor and economic foundation for the state of Hawaii, its citizens, our children, and future generations.

There are several challenges we face that will take innovative and creative solutions to work through, however, none are insurmountable.

AVAILABILITY OF WORKERS

A major challenge in projecting needed workforce is the lack of specific numbers of workers to be hired for the upcoming military construction projects. At a recent meeting between the Department of Labor and Industrial Relations and the training coordinators of construction trades, it was reported that recruitment of a sufficient number of candidates for apprenticeship programs would not pose a major problem in the near future. All trades reported that their recruitment efforts will produce sufficient numbers of qualified candidates. For example, the carpenters reported having 300 workers on the bench right now although they have

scheduled another recruitment for apprentices in April 2004 in anticipation of a hiring increase. This is encouraging information.

AGING WORK FORCE

However, Hawaii's aging population also has significant ramifications on the State's workforce. The 2000 Census reported that 38% of our population is 45 years of age or older. The baby boomers' impending mass retirements will strain the supply of labor in our state while increasing labor demand in the health-medical and social service industries. Young workers who rapidly advance into mid- and upper-level positions due to labor shortages will need accelerated training to fill these jobs.

HOUSING IMPEDIMENTS

Hawaii has traditionally imported workers to meet the state's labor shortages. However, the median cost of housing in Hawaii is almost \$400,000, which places our state at a disadvantage when competing for these workers with our neighboring states. In Nevada, Arizona, and California, construction is also expected to increase over the next 10 years and housing there is significantly more affordable. This will likely mean that our historical labor stream may be less available to us.

EDUCATION REFORMS NEEDED

Historically, there are 21,000 annual job openings in Hawaii. Twelve thousand of those jobs, construction included, require education past high school. Yet of the 13,616 public and private students who enrolled in the ninth grade in the fall of 2001, only 64% are expected to graduate on time this year. A large portion of this population is expected to pursue post-secondary education or opportunities outside of Hawaii, leaving industries to compete for a smaller pool of new workforce entrants who are capable of basic math and reading at an eighth grade level.

In 2002, the National Center for Public Policy and Higher Education produced a national state-by-state assessment. In this report only 16% of Hawaii's eighth graders were proficient in their grade level math and 19% in their grade level reading. More disturbingly, only 8% of eighth graders from low-income families were found to be proficient in their grade level math.

The experience of the carpenters has been that 40% of their applicants fail the written test that is required for all applicants to be accepted into their apprenticeship training program. This 40% fail the test because they cannot satisfactorily complete eighth grade math and reading. To compound the problem, half of those who do pass will fall out of the training program due to failed drug tests or being ill-prepared to handle the rigors of the training program.

The very foundation of a strong, skilled, and successful workforce is education. Hawaii is blessed with students who can learn, teachers who can teach, principals who can lead, and communities that want to support their schools. Even so, the public education system is not performing at an acceptable level. Study after study has concluded that this is not a people problem; it is a structural problem. That is why I have proposed a series of education initiatives to restructure the public education system in Hawaii.

APPRENTICESHIP INITIATIVES

The Department of Labor and Industrial Relations, through its Workforce Development Council and Division, has continuously partnered with the State's construction trades, local Workforce Investment Board, community colleges, and other public and private agencies to aggressively promote trade and apprenticeship programs and assist with recruitment efforts.

These recruitment efforts are conducted by 14 One-Stop Centers for Workforce Assistance located throughout the state. The One-Stops provide job seekers and employers with access to electronic job matching services, resource facilities, business equipment, Internet access, and job and career counseling services. These centers collectively contain the largest data bank of approximately 48,000 job seekers in Hawaii. All Centers are gearing up to intensify its recruitment efforts and enhance its services and programs.

The State is also participating in numerous job fairs and outreach activities to reach more people in the community and promote the numerous workforce development programs and services that are available. The Workforce Development Division, in partnership with private businesses, other government departments and agencies, and trade industries, produced an annual job fair in Honolulu in January which drew over 3,000 job seekers and included almost a hundred employers. Some trades reported they received hundreds of applications for apprenticeship programs. Another Job Fair is scheduled for May 2004 and is projected to attract even more job seekers due to high school and college graduations occurring at that time.

The Department of Labor, in collaboration with the Neighbor Island Workforce Investment Boards, community colleges, and trades is also launching a pilot program called the Pre-Apprenticeship Program through the Workforce Development Council. The pilot project, funded by the Workforce Investment Act Discretionary Fund is intended to provide remedial training in math and reading that will significantly increase the success rate of Hawaii applicants for apprenticeship jobs in construction and in other industries facing a lack of skilled workers.

The University of Hawaii's community colleges will design the curriculum and select instructors from programs at community colleges and Community Schools for Adults. The curriculum will be aligned with the specific entry requirements of the employers and be transportable for use by other entities throughout the state.

The pilot will include participating employers, unions, and at least 100 people who have been unable to pass the entry apprenticeship tests. Local Workforce Investment Boards in each county will collect data to track and monitor each participant's progress and evaluate the success of the pilot.

Advertising for the first recruitment of this pilot project will take place in March. Beginning in May, local Workforce Investment Boards in each county will work with trade organizations to steer applicants to these Pre-test Refresher or Remedial courses.

TRAINING PROGRAMS

Another effort being spearheaded by the University of Hawaii, Honolulu Community College, is developing arrangements with the DOE for the implementation of a pilot project to be

implemented in the summer, where high school students can earn credit for vocational training at the college. We fully support this innovative project because it will eventually lead towards a stronger and more consistent vocational technical curriculum across all public high schools. It is also directly in line with President Bush's recent State of the Union address in which he pledged to increase the financial support to the community colleges to enable them to better train individuals in industries that are creating the most new jobs.

Better linkages between the secondary school, working world, and post-secondary education will be promoted and supported to improve students' awareness of construction trades and encourage their selection of the trades as vocational choices. A major outreach event is tentatively planned for late summer or early fall to promote and educate youth, schools, and job seekers about apprenticeship programs with focus on the construction trades. Federally funded employment and training programs for adults and youth, such as those under the Workforce Investment Act which are administered by the DLIR, will increase their focus on construction trades and look towards equipping their participants for possible entry into these jobs.

The State continues to seek Federal funding to effectively support, facilitate, and drive many of these ongoing efforts I have described today.

Thank you for allowing me the opportunity to testify. I will be happy to answer any questions you may have.